

Message Text

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11

ACTION COME-00

INFO OCT-01 EUR-25 EA-11 IO-12 ADP-00 L-03 TAR-02 AID-20

CEA-02 CIAE-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 RSR-01

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R 241900 Z MAY 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8945

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

USMISSION OECD PARIS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY TOKYO

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E. O. 11652: N/ A

TAGS: ETRD, EEC, JA, IT

SUBJECT: EC SAFEGUARD ACTION- ITALIAN QUOTA ON TAPE RECORDERS

REF: A) STATE 95684; B) EC BRUSSELS 2726

1. BEGIN SUMMARY: NO FINAL DECISIONS YET TAKEN RE HOW ITALY
WILL ADMINISTER IMPORT QUOTAS ON TAPE RECORDERS BUT FOREIGN
TRADE MINISTRY TRYING FIND MEANS TO AVOID RESTRICTING RELATIVELY
SMALL IMPORTS OF HIGH VALUE TAPE RECORDERS FROM U. S. ITALY
EXPECTS FURTHER EARLY EC CONSIDERATION OF TAPE RECORDER SITUATION.
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END SUMMARY.

2. IN CONVERSATION WITH EMBOFF MAY 23, COMPETENT FOREIGN TRADE MINISTRY OFFICIAL (GALDI) DESCRIBED ITALIAN INTERIM ADMINISTRATION OF IMPORT QUOTAS ON TAPE RECORDERS ALONG LINES REF B. ONLY " PORTABLE MAGNETOPHONES" (CASSETTE- TYPE) UNDER NIMEX 92.11.503 (FORMER STATISTICAL CATEGORY 34) AND " OTHER MAGNETOPHONES" (REEL TO REEL TYPE) UNDER 92.11.505 (FORMERLY 37) ARE NOW UNDER RESTRAINT.

3. AT PRESENT IMPORT CONTROLS ARE BEING EXERCISED UNDER A LATE APRIL MFT ANNOUNCEMENT WHICH FOLLOWED APRIL 19 EC COMMISSION DECISION AND ARTICLE XIX NOTIFICATION TO GATT. PENDING FURTHER INSTRUCTION, PORTS OF ENTRY WILL NOT ADMIT TAPE RECORDERS SHIPPED AFTER APRIL 19 OR IN CASE JAPAN NOT COVERED BY AUTOMATIC LICENSES WHICH EXPIRE MAY 31. ENTRIES SINCE APRIL 1 APPLY AGAINST 150,000 UNIT QUOTA FOR SIX MONTH PERIOD ENDING SEPTEMBER 30.

4. MAIN ISSUE DELAYING ISSUANCE FORMAL MFT CIRCULAR IS WHETHER A) QUOTA WILL BE FILLED ON USUAL FIRST COME- FIRST SERVED BASIS WHICH GALDI RECOGNIZED WOULD FAVOR ENTRIES FROM JAPAN AND TAIWAN AT EXPENSE US AND OTHERS; OR B) DIRECT MFT CONTROL OF IMPORT LICENSE ISSUANCE SO THAT UNIT VALUE AND COUNTRY OF ORIGIN COULD BE TAKEN INTO ACCOUNT. GALDE SAID PURPOSE OF LATTER WOULD BE TO GIVE MATERIAL SATISFACTION TO US WHICH HE NOTED WAS IN NO WAY CAUSE OF MARKET DISRUPTION IN ITALY. MFT OFFICIAL AWARE OF USEC APPROACH TO COMMISSION (EC BRUSSELS 2492) BUT HAD NOT APPARENTLY HEARD OF SUGGESTED \$100 UNIT VALUE EXEMPTION. HE MENTIONED INSTEAD \$30 OR \$40 AS BREAK- POINT ABOVE WHICH LICENSES MIGHT BE FREELY GRANTED UNDER OPTION B ABOVE. EMBOFF EMPHASIZED THAT US EXPORTS OF TAPE RECORDERS TO ITALY RELATIVELY SMALL BUT THAT WE WOULD MUCH PREFER TO PRESERVE MARKET FOR HIGH- VALUE PROFESSIONAL EQUIPMENT THAN TO SEEK LATER COMPENSATION FOR TRADE IMPAIRMENT., MFT OFFICIAL PROMISED INFORM EMBASSY WHEN DECISION TAKEN WHICH SHOULD BE WITHIN WEEK.

5. MFT OFFICIAL EXPECTS FURTHER EARLY EC CONSIDERATION OF TAPE RECORDER IMPORT SITUATION AT WHICH INTER ALIA EC MAY OFFICIALLY NARROW ITALIAN QUOTA AUTHORIZATION TO EXCLUDE " MAGNETOPHONES FOR AUTOMOBILES" UNDER 92.11.50) (FORMERLY 31) AND " OTHER COMBINED SOUND RECORDERS AND REPRODUCERS " UNDER 92.11.507 (41). ITALIAN PRODUCERS OF THESE HAD ALSO SOUGHT TO BE COVERED BUT THEIR PRODUCTION LIMITED OFFICIAL USE

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AND EXPORTS HAVE SO FAR BEEN LITTLE AFFECTED BY JAPANESE COMPETITION.

6. ON GENERAL EC TAPE RECORDER SITUATION, MFT OFFICIAL NOTED THAT BENELUX HAVE TAKEN UNILATERAL ACTION (EC BRUSSELS 2495) AND

FRANCE HAS EXPORT RESTRAINT ARRANGEMENT WITH JAPAN. IN ITALY IMPORTS HAD INCREASED RAPIDLY OVER PAST FEW YEARS SINCE TAPE RECORDERS

WERE PLACED ON AUTOMATIC LICENSE LIST, WHILE, AT THE SAME TIME, ITALIAN EMPLOYMENT IN INDUSTRY HAD DECLINED FROM 2,600 TO 600 AND NUMBER ACTIVE PRODUCERS FROM 15 TO 4. EMERGENCY ACTION WAS CONSIDERED ESSENTIAL AND ITALY HAD NO RECOURSE OTHER THAN EC INVOCATION ON GATT ARTICLE XIX. ITALY HOPES FOR EC NEGOTIATION OF RESTRAINT ARRANGEMENT WITH JAPAN WHICH WOULD PERMIT EARLY REMOVAL ITALIAN QUOTA.

7. MFT OFFICIAL SAID IMPORTS FROM US UNDER 92.11.503 (34) HAD INCREASED RAPIDLY FROM 37 UNITS IN 1971 TO OVER 3,000 IN 1972, WITH UNIT VALUE OF ABOUT \$13, A DEVELOPMENT WHICH HE ATTRIBUTED ENTIRELY TO RE-EXPORT OR TRANSIT OF JAPANESE OR TAIWAN CASSETTE RECORDERS THROUGH US TO ITALY.

8. ITALIAN GOVERNMENT STATISTICAL OFFICE (ISTAT) PROVIDED FOLLOWING 1972 DATA ON ITALIAN TAPE RECORDERS FROM U. S.:

CATEGORY	UNITS	VALUE (DOLS. THOUSAND)	PER UNIT VALUE (DOLS.)
92.11.503(34)	3029	39.4	13.00
92.11.505(37)	51	19.8	387.43
92.11.507(41)	209	64.3	307.43

ONE UNIT IMPORTED UNDER 92.11.501(31) VALUED AT \$79.11.

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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COME
COPENHAGEN
DUBLIN
EC BRUSSELS
GENEVA

OECD PARIS
SECSTATE WASHDC

Type: TE

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